

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

DOCKET NO. 99-390

JUNE 29, 1999

HEBRON WATER COMPANY  
Application for Approval of  
Issues of Securities (\$902) (\$517,700)

ORDER

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

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On June 14, 1999, Hebron Water Company (the Company) filed with the Commission its application for authority to issue two bonds in a total sum not to exceed \$461,200 through the U.S. Department of Agriculture, Rural Development. One bond is requested for an amount not to exceed \$100,000 at an annual rate not to exceed 4.875 percent and the other bond for an amount not to exceed \$361,200 at an annual rate not to exceed 4.75 percent. The debt will be paid over a term not to exceed 40 years. There is a possibility that at the time of closing these two issues will be combined and issued at the lower rate of interest.

In a letter dated June 22, 1999, the Company is requesting approval to issue a third bond in a sum not to exceed \$56,500 also through the U.S. Department of Agriculture, Rural Development, at an annual interest rate not to exceed 4.75 percent for a term not to exceed 40 years.

The Company requires these funds to pay for the construction of a new filtration plant to meet the requirements of an E.P.A. Administrative Order and the Surface Water Rules of the Drinking Water Act. The additional \$56,500 of borrowing is to cover cost overruns of this project.

Pursuant to an Amended Delegation Order dated January 9, 1996, in Docket No. 93-169, the Commission delegated to the Director of Finance its authority under 35-A M.R.S.A., Chapters 9 and 11, to approve water utility financing applications, including those that involve mortgaging utility property, for MMBB, RECD, and their successors. This delegation in no way limits the Commission's authority to review the decision of the Director of Finance pursuant thereto or to directly consider requests for variations. The Director of Finance's approve shall be in the form of an Order, copies of which shall be maintained in the files of the office of the Administrative Director.

Having reviewed the application of the Company, together with data field in support of it, it is the opinion of the Commission that the proceeds of the issuance of the bonds are required in good faith for the purposes enumerated in 35-A M.R.S.A.

§901. In approving this securities issue, consistent with normal practice and pursuant to § 902 (4), the Commission does not imply approval of the Company's capital needs or capitalization ratio for ratemaking purposes, nor does this Order limit or restrict the powers of the Commission in determining or fixing any rate.

Accordingly, pursuant to the Amended Delegation Order dated January 9, 1996, in Docket No. 93-169, I

### O R D E R

1. That the Hebron Water Company is hereby authorized to issue two bonds in a total sum not to exceed \$461,200, to be used solely for the purposes described in this Order; one bond in the amount not to exceed \$100,000 at an annual rate not to exceed 4.875 percent, and the other bond in the amount not to exceed \$361,200 at an annual rate not to exceed 4.75 percent through the U.S. Department of Agriculture, Rural Development for a term not to exceed 40 years. At the time of closing the two issues may be combined at the lower rate of interest for the same 40-year term.
2. That the Company is also authorized to issue a bond in a sum not to exceed \$56,500 through the U.S. Department of Agriculture, Rural Development at an annual interest rate not to exceed 4.75 percent for a term not to exceed 40 years to cover cost overruns of the construction project.
3. That the Company report to the Commission, in writing its doings pursuant to this Order within sixty (60) days of the date of the issue of the proposed bonds, or by September 30, 1999, whichever may come first.
4. That a copy of this Order be mailed to interested parties and this Docket be closed.

Dated at Augusta, Maine, this 29<sup>th</sup> Day of June 1999.

BY ORDER OF THE  
DEPUTY DIRECTOR OF FINANCE

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Richard Kania